

110TH CONGRESS
1ST SESSION

H. R. 1066

To increase community development investments by depository institutions,
and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 15, 2007

Mr. FRANK of Massachusetts (for himself and Mr. BACHUS) introduced the
following bill; which was referred to the Committee on Financial Services

A BILL

To increase community development investments by
depository institutions, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Depository Institution
5 Community Development Investments Enhancement Act”.

6 **SEC. 2. TECHNICAL CORRECTIONS.**

7 (a) NATIONAL BANKS.—The first sentence of the
8 paragraph designated as the “Eleventh” of section 5136
9 of the Revised Statutes of the United States (12 U.S.C.
10 24) (as amended by section 305(a) of the Financial Serv-

ices Regulatory Relief Act of 2006) is amended by striking
 “promotes the public welfare by benefiting primarily” and
 inserting “is designed primarily to promote the public wel-
 fare, including the welfare of”.

(b) STATE MEMBER BANKS.—The first sentence of
 the 23rd undesignated paragraph of section 9 of the Fed-
 eral Reserve Act (12 U.S.C. 338a) (as amended by section
 305(b) of the Financial Services Regulatory Relief Act of
 2006) is amended by striking “promotes the public welfare
 by benefiting primarily” and inserting “is designed pri-
 marily to promote the public welfare, including the welfare
 of”.

**SEC. 3. INVESTMENTS BY FEDERAL SAVINGS ASSOCIA-
 TIONS AUTHORIZED TO PROMOTE THE PUB-
 LIC WELFARE.**

(a) IN GENERAL.—Section 5(c)(3) of the Home Own-
 ers’ Loan Act (12 U.S.C. 1464(c)) is amended by adding
 at the end the following new subparagraph:

“(D) DIRECT INVESTMENTS TO PROMOTE
 THE PUBLIC WELFARE.—

“(i) IN GENERAL.—A Federal savings
 association may make investments, directly
 or indirectly, each of which is designed pri-
 marily to promote the public welfare, in-
 cluding the welfare of low- and moderate-

1 income communities or families through
2 the provision of housing, services, and jobs.

3 “(ii) DIRECT INVESTMENTS OR ACQUI-
4 SITION OF INTEREST IN OTHER COMPA-
5 NIES.—Investments under clause (i) may
6 be made directly or by purchasing interests
7 in an entity primarily engaged in making
8 such investments.

9 “(iii) PROHIBITION ON UNLIMITED LI-
10 ABILITY.—No investment may be made
11 under this subparagraph which would sub-
12 ject a Federal savings association to unlim-
13 ited liability to any person.

14 “(iv) SINGLE INVESTMENT LIMITA-
15 TION TO BE ESTABLISHED BY DIREC-
16 TOR.—Subject to clauses (v) and (vi), the
17 Director shall establish, by order or regula-
18 tion, limits on—

19 “(I) the amount any savings as-
20 sociation may invest in any 1 project;
21 and

22 “(II) the aggregate amount of in-
23 vestment of any savings association
24 under this subparagraph.

1 “(v) FLEXIBLE AGGREGATE INVEST-
2 MENT LIMITATION.—The aggregate
3 amount of investments of any savings asso-
4 ciation under this subparagraph may not
5 exceed an amount equal to the sum of 5
6 percent of the savings association’s capital
7 stock actually paid in and unimpaired and
8 5 percent of the savings association’s
9 unimpaired surplus, unless—

10 “(I) the Director determines that
11 the savings association is adequately
12 capitalized; and

13 “(II) the Director determines, by
14 order, that the aggregate amount of
15 investments in a higher amount than
16 the limit under this clause will pose
17 no significant risk to the affected de-
18 posit insurance fund.

19 “(vi) MAXIMUM AGGREGATE INVEST-
20 MENT LIMITATION.—Notwithstanding
21 clause (v), the aggregate amount of invest-
22 ments of any savings association under
23 this subparagraph may not exceed an
24 amount equal to the sum of 15 percent of
25 the savings association’s capital stock actu-

ally paid in and unimpaired and 15 per-
cent of the savings association's
unimpaired surplus.

“(vii) INVESTMENTS NOT SUBJECT TO
OTHER LIMITATION ON QUALITY OF IN-
VESTMENTS.—No obligation a Federal sav-
ings association acquires or retains under
this subparagraph shall be taken into ac-
count for purposes of the limitation con-
tained in section 28(d) of the Federal De-
posit Insurance Act on the acquisition and
retention of any corporate debt security
not of investment grade.

“(viii) APPLICABILITY OF STANDARDS
TO EACH INVESTMENT.—The standards
and limitations of this subparagraph shall
apply to each investment under this sub-
paragraph made by a savings association
directly and by its subsidiaries.”.

(b) TECHNICAL AND CONFORMING AMENDMENTS.—

Section 5(c)(3)(A) of the Home Owners' Loan Act (12
U.S.C. 1464(c)(3)(A)) is amended to read as follows:

“(A) [Repealed]”.

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